

COUNTYWIDE PRIORITY SETTING COMMITTEE PUBLIC HEARING

PROPOSED BUDGET FOR COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME PROGRAM FUNDS FOR PROGRAM YEAR 2013-14

Thursday, March 21, 2013
7:00 p.m.

Board of Supervisors Chambers, Room 330
Marin County Civic Center
3501 Civic Center Drive, San Rafael

AGENDA

1. Opening Comments.
2. Request for public comment on the Consolidated Plan, housing and non-housing community development needs of lower income people, and the past performance of the County's Community Development Block Grant (CDBG), HOME, and Housing Opportunities for Persons with AIDS (HOPWA) programs. [Please note that items 3 and 4 of this agenda provide for public comment on proposed budget amounts for specific CDBG and HOME projects.]
3. Budget for 2013-14 for six local CDBG Planning Areas (Novato, San Rafael, Upper Ross Valley, Lower Ross Valley, Richardson Bay, and West Marin), reprogrammings of CDBG Planning Area funds from previous years, and use of CDBG Planning Area program income.
 - A. Staff report.
 - B. Public comments.
 - C. Discussion and recommendations by Priority Setting Committee to Marin County Board of Supervisors for proposed use of CDBG Planning Area funds.
4. Recommendations for 2013-14 CDBG Countywide Housing allocations, reprogrammings of CDBG Countywide Housing funds from previous years, use of CDBG Countywide Housing program income, 2013-14 HOME Program allocations, reprogrammings of HOME funds from previous years, and use of HOME program income.
 - A. Staff report.
 - B. Public comments.
 - C. Discussion and recommendations by Priority Setting Committee to Marin County Board of Supervisors for proposed use of CDBG Countywide Housing and HOME Program funds.
5. Policy and Process Issues.
 - A. Staff report.
 - B. Public Hearings.
 - C. Reconfiguring Planning Areas.
 - D. Public Services.
6. Open Time for Public Comment on Matters Not on the Agenda.

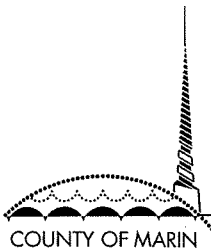
Future Hearing

May 7	Marin County Board of Supervisors Board of Supervisors Chambers Marin County Civic Center, Room 330 3501 Civic Center Drive, San Rafael	(time to be determined)
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If you have questions about the public hearing, please call Roy Bateman at 473-6698 at the Marin County Community Development Agency. People using TTY devices may reach us at 473-3232 (TTY) or through the California Relay Service at 711. In consideration of persons with environmental sensitivities, please do not wear perfume or other fragrances. Sign language interpretation and translation into languages other than English are available upon request. Please call our office at 473-6279, at least three days in advance of the public hearing you want to attend, if you need language translation, a sign language interpreter, an assistive listening device, or other reasonable accommodation. Call Golden Gate Transit (455-2000, 711 TDD) for transit information.



The Consolidated Plan, Annual Action Plans, Consolidated Annual Performance and Evaluation Reports, records regarding past use of Community Development Block Grant, HOME Investment Partnerships Program, and Housing Opportunities for Persons with AIDS Program funds, the Civil Rights Policy, the Residential Antidisplacement and Relocation Assistance Plan, the Nondiscrimination Policy, and program files are available for inspection at the Marin County Community Development Agency, 899 Northgate Drive, Room 408, San Rafael, California. Copies of documents are available in accessible formats upon request.



STAFF REPORT

TO: COUNTYWIDE PRIORITY SETTING COMMITTEE

FROM: Roy Bateman *Roy Bateman*

SUBJECT: Recommendations for Funding 2013-14
Community Development Block Grant (CDBG) Countywide Housing Proposals
and HOME Program Proposals

DATE: March 17, 2013

The recommendations from Community Development Block Grant (CDBG) staff for funding CDBG Countywide Housing projects and HOME Investment Partnerships Program (HOME) projects are described below. These recommendations will be presented and considered at the Countywide Priority Setting Committee public hearing on Thursday, March 21, 2013, at 7:00 p.m., at the Board of Supervisors Chambers, Room 330, Marin County Civic Center, 3501 Civic Center Drive, San Rafael. *(Please note the location of this meeting.)*

Subject to approval by the Countywide Priority Setting Committee on March 21, 2013, and by the Marin County Board of Supervisors on May 7, 2013, the funding recommendations in this memo, along with the funding recommendations adopted by the CDBG Local Area Committees, will be presented in a summary format as part of Marin County's Consolidated Plan. The Consolidated Plan serves as a consolidated planning and budget document for a variety of programs of the U.S. Department of Housing and Urban Development (HUD).

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Federal Sequestration

The Budget Control Act of 2011 requires across-the-board cuts in federal discretionary programs unless Congress is able to agree on an alternative plan. If Congress did nothing, sequestration of funding for federal discretionary programs was expected to result in an 8% cut in CDBG and HOME as of January 1, 2013. H.R. 8, approved by the House of Representatives on January 1, delayed the sequestration until March 1, giving Congress more time to agree on an alternative to the pre-determined "fiscal cliff."

Because of the federal budget impasse, HUD has not been able to provide us with estimates of our grant amounts for the 2013-14 program year. However, automatic sequestration was triggered on March 1. HUD now estimates that sequestration will result in a 5% reduction in the CDBG and HOME programs. In addition, demographic changes are likely to reduce Marin's formula allocations by 1% to 3%, so we are planning on an 8% reduction in funding for CDBG and HOME. If Congress is able to agree on an alternative to sequestration, the impact on CDBG and HOME might be positive or negative, depending on which programs Congress decides to shield from cuts, whether additional revenues are planned, and how much the deficit is allowed to grow. This could result in no cuts to CDBG and HOME, or cuts below or above 8%. For example, Congress might agree to exempt the military from budget cuts, but make deeper cuts in "non-defense discretionary programs," such as CDBG and HOME, in order to balance the budget. Last year, Marin received a \$1,166,041 CDBG allocation and a \$595,350 HOME allocation. Our best estimate is that Marin County's CDBG and HOME grant allocations for the 2013-14 program year will be 8% lower than last year, resulting in an estimated CDBG grant of \$1,072,758 and an estimated HOME grant of \$547,722. Recommendations in this staff report are based on these estimates.

Trends in the CDBG and HOME Programs

Nationally, the most important trend in the CDBG and HOME Programs is the decline in funding. Less money means less impact, and unless other funding sources fill the gap, it means fewer and/or smaller projects. Along with the decline in grant allocations, the amount that HUD allows for administrative expenses has also been shrinking. The amount HUD allows for administration is no longer enough to cover the County's CDBG administrative costs.

Meanwhile, HUD is requiring increased documentation for our projects, partly because Congress is divided on whether CDBG and HOME are worthy of support, and partly because it's easy to add additional data fields to HUD's computer system. HUD is increasingly using its computer system as a management and monitoring tool, making it increasingly risky to fund projects that might not quickly generate beneficiary statistics. The increased emphasis on accountability creates disincentives for risk-taking. In a system where HUD demands repayment of funds advanced for projects that fail, it becomes riskier to fund an inexperienced project sponsor or to provide the first dollars for a promising new idea.

Locally, there has been an increasing emphasis on the extent to which racial and ethnic minorities are served by potential projects, and the quality of each project sponsor's affirmative marketing plan. (Affirmative marketing is a process by which an organization determines which

racial and ethnic groups are least likely to apply for its services, followed by targeted marketing efforts to reach those “least likely to apply” groups.)

Spending Deadlines

The ability to spend funds quickly has become increasingly important. Under pressure from Congress, HUD is becoming more aggressive about taking CDBG funds away from communities that can't spend them fast enough. HUD takes sanctions if a community has unspent CDBG funds that exceed 1.5 times its annual CDBG grant amount. We are typically very close to the allowable limit of unspent funds. As our CDBG grant declines, the amount of unspent funds we are permitted to hold also declines. Therefore, we should be careful to target CDBG funds to projects that are ready to proceed.

Because so many CDBG projects have moved ahead more slowly than expected, Marin County has a backlog of unspent CDBG funds. As a result, we risk being in violation of the timely spending standards required by HUD, our funding agency. HUD implements its timely spending requirement through an annual test in late April. If, on the test date, a community has unspent funds that exceed 1.5 times its annual CDBG grant amount, HUD will designate the community as a “high-risk” grantee. HUD has also taken CDBG funds away from communities that violate the timely spending standard. The reduction of grant awards is done through an automated process, so there is no opportunity to request a waiver or extension. At its meeting on February 19, 2013, the Priority Setting Committee authorized budget transfers to assure that Marin will meet the timely spending standard this year.

However, timely spending is likely to be an ongoing concern, because:

- It is difficult to predict when projects, particularly large housing development and community facility projects, will be ready to proceed. As a result, funds are frequently budgeted for projects that then encounter environmental, planning, or funding issues that delay them for another year or more.
- Housing development projects need to show a large local financial commitment to compete for low income housing tax credits, but there can be a substantial time lag between the CDBG annual funding cycle and tax credit allocation rounds.
- Many large housing development projects encounter unanticipated delays in the local planning approval and environmental review process.
- Some projects obtain land from for-profit developers for less than market value, typically in conjunction with the development of a separate for-profit project. This means huge financial savings, but any delays encountered by the project's partner may also affect the CDBG project.
- Some projects are slow to move forward because the project sponsor needs time to raise additional funds before they are able to proceed.

- When our grant amount decreases, our maximum permitted unspent balance also decreases.

We can expect to continue to have difficulty meeting the CDBG timely spending guideline for the next several years. In making funding recommendations, staff is giving increased weight to readiness to proceed, and we have become more aggressive about reallocating funds from slow-moving projects.

For the next few years, we have a particular dilemma--there are four equally promising housing proposals (Marinwood Plaza, San Anselmo Seminary Housing, Peace Village, and Whistlestop) which need more funding than we can provide in one year and are therefore being recommended for less than they need. As it becomes clearer which project can move forward most quickly, we will need to be prepared to shift funds so that we can meet HUD's annual timely spending tests, and so that these housing projects can be completed, one at a time, in a sequence to be determined. (See page 8.)

Administrative Expenses Likely to Exceed Limit

It is becoming more of a challenge to operate the Marin CDBG program within the administrative allowance set by the regulations. CDBG regulations limit administrative expenses to 20% of available funds. The list below shows the trend in the percentage of Marin CDBG funds spent for administration in recent years:

Fiscal Year	Percentage of Marin CDBG Funds Spent for Administration
1999-2000	12.97%
2000-01	15.86%
2001-02	17.57%
2002-03	13.21%
2003-04	11.09%
2004-05	13.09%
2005-06	15.13%
2006-07	16.62%
2007-08	19.50%
2008-09	16.74%
2009-10	19.87%
2010-11	20.00%*
2011-12	18.74%

*The 2010-11 entry includes \$65,500 booked as an unliquidated obligation for accrued liability for future retiree health benefits, which will have the effect of reducing our administrative percentage at some point in the future.

Administrative, monitoring, and regulatory requirements from the federal government have been increasing. Congress wants greater accountability and more recordkeeping, and as HUD enhances its computer system, we are asked to feed that system more information. Changes in

government accounting standards and local accounting systems require more complex work to assure that transactions are posted correctly. We need to contribute our share of the cost to build a reserve for retiree health benefits. The CDBG Program has cut staff hours, reducing staff from 3 to 2.4 FTE, which has reduced costs but did not affect workload. One way to reduce the administrative workload to match the reduction in staff hours would be to reduce the number of projects we have to administer. If we reduce the number of projects, we will reduce the volume of project contracts, project monitoring reports, invoice processing, and accounting so that our workload can better match our reduced staffing level.

There are certain fixed costs of basic HUD compliance, reporting, and monitoring of past projects. There are no indications that Congress or HUD will reduce the administrative requirements they impose on localities. There are also variable costs for contract administration, reporting, invoice processing, and accounting, which are largely dependent on the number and complexity of projects we fund.

The CDBG program regulations allow us to spend 20% of available grant funds on administrative costs (including staff, rent, overhead, and office expenses). In that formula, available grant funds also include revenue ("program income") received from past projects, such as repayments of loans made by the Rehabilitation Loan Program and payments in conjunction with the sale of properties that were purchased or improved with CDBG funds.

We expect that the CDBG grant's allowance for administration will not cover the full cost of CDBG administration this year. Because the program income component of the formula varies from year to year, it is difficult to predict the administrative shortfall. We expect that the range will be somewhere between \$3,000 and \$49,000, with the most likely value approximately \$33,000. Because the CDBG program is operated by the County, the County is solely responsible for this financial exposure and would have to absorb any excess expenses.

Reducing the Overall Number of Projects

Over the last 12 years, the number of CDBG projects funded each year has fluctuated between 36 and 52 projects per year. Last year, Marin funded 30 CDBG projects.

This did not shrink administrative expenses to the point where they could be covered by the administrative allowance provided by the grant. Administrative costs are not strictly proportional to the number of projects, partly because there is a fixed cost for meeting HUD planning and reporting requirements. In order to bring actual CDBG administrative costs in balance with the administration allowance provided by the CDBG grant, we may have to reduce the number of projects again.

At its February 16, 2012 meeting, the CDBG Countywide Priority Setting Committee set a goal of reducing the number of CDBG projects from 38 to 27, instructed County staff to make all reasonable efforts in its budget recommendations to achieve that goal, and asked all Planning Areas to join in this difficult process.

The staff recommendations in this report, combined with the staff recommendations for the CDBG planning area hearings, would have resulted in a total of 28 CDBG projects. (One of the “new” projects is a \$100,000 allocation to replenish funds “borrowed” from the Gates Cooperative to meet the HUD timely spending test, so the effective number of new projects recommended by staff is 27.) The planning area committees added two more CDBG projects, for a total of 30. However, federal regulations generally prohibit use of CDBG funds for predevelopment expenses, so two of the CDBG housing projects, Marinwood Plaza and Peace Village, are not at a stage where they will be able to spend their CDBG funds in the next year.

In some planning areas, the strongest CDBG applications were for small projects, making it difficult to further reduce the number of projects.

Funding Policy and Process Issues

Public Hearings

Public attendance at planning area hearings has been low. One hearing attracted only two members of the public. At another, only three members of the public attended. Committee members are busy and it’s difficult to coordinate their schedules. At one planning area hearing, there were three substitutes, one alternate, and one regular member. Many of the local committees expressed frustration that so little money is available.

Reconfiguring Planning Areas

One way to reduce administrative costs would be to reduce the number of public hearings and staff reports. Our current practice is to hold nine hearings: seven planning area hearings (one in each of five planning areas and two in the San Rafael planning area), a Countywide Priority Setting Committee hearing, and a hearing at the Board of Supervisors. HUD does not require planning area hearings, so, in theory, we could hold one or two public hearings to set the CDBG and HOME budgets instead of nine hearings. The local hearings do provide a sense of local connection, particularly in West Marin. Our city-county cooperation agreements give the San Rafael and Novato city councils the right to serve as the local area committees for their CDBG planning areas. The Richardson Bay planning area already includes four cities and the unincorporated community of Marin City.

Of our six planning areas, it would seem that the Lower Ross Valley and the Upper Ross Valley would be most suitable for being combined. Each includes two small towns/cities and has a history of brief CDBG hearings with a low level of controversy. Earlier this month, the Lower Ross Valley Local Area Committee and the Upper Ross Valley Local Area Committee discussed the possibility of consolidating the two committees. While both committees voted to endorse consolidation of the Lower Ross Valley and the Upper Ross

Valley, the regular representatives of two of the four cities were not present at the meetings. The City-County Cooperation Agreements that govern the CDBG program specify that there will be six planning area committees (including Lower Ross Valley and Upper Ross Valley). According to HUD guidelines, the Cooperation Agreements cannot be revised until their 2014 renewal date. Staff recommends that, next year, we attempt to schedule the Lower Ross Valley and Upper Ross Valley hearings in the same location on the same evening, one hour apart, and that we invite members of both committees to attend both meetings, but to vote only on the allocations for their planning area. The issue can then be considered in the drafting of Cooperation Agreements later in 2014. As explained on page 33, there are many advantages to maintaining the joint participation of the County and all the cities and towns in the CDBG Program. There are many sensitivities around intergovernmental cooperation, and staff recommends that we be cautious about making any changes unless we are sure that there is a deep unity to proceed.

Public Services

The Priority Setting Committee has had some discussions about the future of the CDBG public services component. Some Committee members have expressed support for limiting public service projects to three years of funding, or setting aside a pool of public service funds for new initiatives from new providers. The Committee may want to proceed with further discussion of these issues.

Timing of Large Housing Projects

One complexity this year is the number of large housing proposals which are not quite ready to begin acquisition or construction, but will need to amass two or three years' worth of CDBG and HOME funding, or more, in order to have sufficient funding to proceed to acquisition or construction. If we could predict which of these projects would proceed most quickly, we would probably give that project the entire year's HOME allocation and fund the others in future years.

Project	Challenges
Marinwood Plaza	Needs environmental review and planning approvals.
San Anselmo Seminary Housing	Related project needs design review approval. Must negotiate formal purchase agreement.
Peace Village	Must formulate site plan for constrained site. Needs design review approval.
Whistlestop Renaissance Housing	Must resolve design challenges and coordination with multiple agencies.

For each of the projects listed above, the recommended funding will be significant, but will fall far short of what each project needs. In an ideal world, we would fund these projects in sequence, starting with the one that will be ready to proceed the soonest. But it's just not possible to predict which will proceed through their obstacles (design problems, planning approvals, environmental review, obtaining tax credits, fundraising, real estate negotiations, etc.) most quickly. So we need to be prepared, on a semi-annual

or annual basis, to reshuffle priorities and reprogram funds, so that we can respond when one of these projects reaches a point of readiness to start construction.

There is a serious shortage of funds for early planning costs for housing projects. Unfortunately, federal regulations severely limit our ability to fund predevelopment costs for housing projects. Except for transitional and special needs housing, HUD regulations do not generally permit the use of CDBG funds for predevelopment costs for housing. However, San Mateo County obtained a ruling from HUD that lets communities use CDBG funds for predevelopment costs for housing for projects that also receive HOME funds. HOME funds can be used for predevelopment costs only if we record an irrevocable affordability restriction on the property, which is not feasible until after the sponsor has bought the land and is assured that the project will proceed. Even with these exceptions, HUD will require us to repay any funds we advance for predevelopment costs if the project is never built.

The good news this year is that the Marin Community Foundation has recently convened a group of housing funders, with the goal of sharing information and coordinating funding recommendations. This process could result in better collective responsiveness to development timing opportunities. It could also increase the comfort level of other funders to support predevelopment costs.

Recommendations for CDBG Countywide Housing and HOME Program Funds

A list of all the CDBG housing applications is included on pages 10 and 11. A list of all the HOME Program applications is included on page 12. *(Note that the tables on pages 10-12 include the amounts requested by the applicants, not the amounts recommended by staff.)*

The staff recommendations for the use of CDBG Countywide Housing and HOME Program funds are shown in the tables on pages 13-15. A summary of recommended funding for all CDBG and HOME housing proposals, including CDBG planning area amounts, is on page 35.

What if HUD Adjusts Our Grant Allocations?

Because of the uncertainty about the federal budget, we should expect that the final Marin County grant amounts will vary from our estimates, and that would impact the CDBG and HOME project allocations. To avoid the need for an additional hearing, staff recommends that the grant amounts set at the March hearings be subject to revision when HUD announces the County's CDBG and HOME formula allocations. At that time, staff would recalculate the amounts available for each CDBG planning area, and for each activity category. To the extent that cuts are needed or additional funds are available, staff would adjust the preliminary project grant amounts, so that the final funding amounts will be proportional to the amounts approved at the March hearings. Where feasible, staff would then round numbers to the nearest hundred dollars. If additional funds are available, the adjustment would be limited so that no project receives more than the amount the sponsor requested.

COMMUNITY DEVELOPMENT BLOCK GRANT COUNTYWIDE REQUESTS FOR FUNDING

PROJ.#	PROJECT NAME	PROJECT SPONSOR	PROJECT ADDRESS	PROJECT DESCRIPTION	CDBG REQUEST
Countywide					
CH - 1	Fair Housing Services	Fair Housing of Marin	615 B Street, Suite #1, San Rafael 94901	Fair housing services	\$59,052
CH - 2	Rehabilitation Loan Program	Marin Housing Authority	4020 Civic Center Drive, San Rafael 94903	Staff salaries to provide residential rehabilitation loans	\$150,000
CH - 3	Residential Accessibility Modification Program	Marin Center for Independent Living	Countywide	Housing rehabilitation for handicapped accessibility	\$30,000
					\$239,052
Lower Ross Valley					
LH - 1	Rehabilitation Loan Program	Marin Housing Authority	4020 Civic Center Drive, San Rafael 94903	Staff salaries to provide residential rehabilitation loans	\$35,000
					\$35,000
Novato					
NH - 1	1112 4th Street Homes	Habitat for Humanity GSF	1112 4th Street, Novato 94945	Site acquisition for 10 new homes	\$200,000
NH - 2	Elpida-Marion House-Rehabilitation	Elpida House	7 Marion Court, Novato 94945	Rehabilitation of group home for adults with mental illness	\$34,000
NH - 3	Gilead House-Rehabilitation	Gilead House	1024 7th Street, Novato 94947	Capital needs--outdoor lighting, bicycle rack, window coverings	\$14,030
NH - 4	HavenWorks Transitional Housing Pilot Project	HavenWorks	Site not chosen	Transitional housing for veterans and single parent families	\$59,000
NH - 5	Lifehouse: Stonehaven House-Rehabilitation	Lifehouse Inc	2 Stonehaven Court, Novato 94947	Rehabilitate group home for developmentally disabled adults	\$19,500
NH - 6	New Beginnings Center-Rehabilitation	Homeward Bound of Marin	1399 N. Hamilton Parkway, Novato 94949	Rehabilitation of emergency shelter facility	\$88,815
NH - 7	Oma Village-Housing for Working Families	Homeward Bound of Marin	5394 Nave Drive, Novato 94949	Offsite improvement and demolition costs for affordable housing	\$200,000
NH - 8	Rehabilitation Loan Program	Marin Housing Authority	4020 Civic Center Drive, San Rafael 94903	Staff salaries to provide residential rehabilitation loans	\$70,000
					\$685,345
Richardson Bay					
RH - 1	Galilee Harbor-rehabilitation	Galilee Harbor Community Association	300 Napa Street, Sausalito 94965	Site acquisition and rehabilitation	\$139,912
RH - 2	Gates Cooperative	Gates Cooperative, EAH, Inc., Marin Housing	Waldo Point Harbor, Sausalito area, 94965	Boat rehabilitation and project coordination	\$317,516
RH - 3	Rehabilitation Loan Program	Marin Housing Authority	4020 Civic Center Drive, San Rafael 94903	Staff salaries to provide residential rehabilitation loans	\$45,000
					\$502,428

PROJ.#	PROJECT NAME	PROJECT SPONSOR	PROJECT ADDRESS	PROJECT DESCRIPTION	CDBG REQUEST
San Rafael					
SH - 1	Bucklew: D Street House-Rehabilitation	Bucklew Programs	527 D Street, San Rafael 94901	Rehabilitate group home for adults with severe mental illness	\$35,025
SH - 2	Family Resource Center-Rehabilitation	Homeward Bound of Marin	430 Mission Ave., San Rafael 94901	Rehabilitation of supportive housing facility	\$27,800
SH - 3	Lifehouse: Laurel Place-Rehabilitation	Lifehouse Inc	210 Laurel Place, San Rafael 94901	Rehabilitate group home for developmentally disabled adults	\$24,500
SH - 4	Lifehouse: Sunrise II-Rehabilitation	Lifehouse Inc	48 Golden Hinde, San Rafael 94903	Rehabilitate group home for developmentally disabled adults	\$52,600
SH - 5	Marinwood Plaza Housing	BRIDGE Housing Corp	121, 155, 175, 197 Marinwood Avenue, San Rafael 94903	Site acquisition	\$700,000
SH - 6	Rehabilitation Loan Program	Marin Housing Authority	4020 Civic Center Drive, San Rafael 94903	Staff salaries to provide residential rehabilitation loans	\$150,000
SH - 7	Rotary Manor-Rehabilitation	American Baptist Homes of the West (ABHOW)	1821 5th Ave., San Rafael 94901	Rehabilitation of senior housing	\$112,477
SH - 8	Whistlestop Renaissance Housing	Eden Development, Inc	930 Tamalpais Ave., San Rafael 94901	Construction of affordable housing for seniors and disabled	\$1,000,000

\$2,102,402

Upper Ross Valley					
UH - 1	Lifehouse: Fairfax House-Rehabilitation	Lifehouse Inc	16 Porteous Ave., Fairfax 94930	Rehabilitate group home for developmentally disabled adults	\$12,500
UH - 2	Lifehouse: San Anselmo House-Rehabilitation	Lifehouse Inc	1032 Sir Francis Drake Blvd., San Anselmo 94960	Rehabilitate group home for developmentally disabled adults	\$16,800
UH - 3	Peace Village	Resources for Community Development	2626 Sir Francis Drake Blvd., Fairfax 94930	Site acquisition for senior housing	\$166,000
UH - 4	Rehabilitation Loan Program	Marin Housing Authority	4020 Civic Center Drive, San Rafael 94903	Staff salaries to provide residential rehabilitation loans	\$35,000
UH - 5	San Anselmo Seminary Housing	EAH, Inc	19 & 21 Belle Ave., 100 Mariposa Ave, 108 & 111 Ross Ave, San Anselmo 94960	Site acquisition	\$600,000

\$830,300

West Marin					
WH - 1	73 Inverness Way	Community Land Trust Association of West Marin	73 Inverness Way, Inverness 94937	Rehabilitate house for single family affordable home ownership	\$150,000
WH - 2	Bolinas Garage (Housing)	Bolinas Community Land Trust	6 Wharf Road, Bolinas 94924	Rehabilitation of affordable rental housing	\$21,670
WH - 3	Gibson House-Rehabilitation	Bolinas Community Land Trust	20 Wharf Road, Bolinas 94924	Rehabilitation of affordable rental housing	\$18,890
WH - 4	Rehabilitation Loan Program	Marin Housing Authority	4020 Civic Center Drive, San Rafael 94903	Staff salaries to provide residential rehabilitation loans	\$15,000
WH - 5	Stockstill House	West Marin Senior Services	12051 State Route #1, Point Reyes Station, 94956	Rehabilitation of senior assisted living home	\$7,500

\$213,060

\$4,607,587

HOME PROGRAM REQUESTS FOR FUNDING

PROJ.#	PROJECT NAME	PROJECT SPONSOR	PROJECT ADDRESS	PROJECT DESCRIPTION	HOME REQUEST
H - 1	1112 4th Street Homes	Habitat for Humanity GSF	1112 4th Street, Novato 94945	Site acquisition for 10 new homes	\$200,000
H - 2	73 Inverness Way	Community Land Trust Association of West Marin	73 Inverness Way, Inverness 94937	Rehabilitate house for single family affordable home ownership	\$150,000
H - 3	Marinwood Plaza Housing	BRIDGE Housing Corp	121, 155, 175, 197 Marinwood Ave, San Rafael 94903	Site acquisition	\$700,000
H - 4	Oma Village-Housing for Working Families	Homeward Bound of Marin	5394 Nave Drive, Novato 94949	Development costs for affordable rental homes	\$525,000
H - 5	Peace Village *	Resources for Community Development	2626 Sir Francis Drake Blvd., Fairfax 94930	Site acquisition and development of senior housing	\$535,000
H - 6	San Anselmo Seminary Housing	EAH, Inc	19 & 21 Belle Ave., 100 Mariposa Ave, 108 & 111 Ross Ave, San Anselmo 94960	Acquisition and rehabilitation of apartments	\$600,000
H - 7	Tenant Based Rental Assistance for Protected	St. Vincent de Paul Society of Marin County	Countywide	Rental assistance	\$100,000
H - 8	Whistlestop Renaissance Housing *	Eden Development, Inc	930 Tamalpais Ave., San Rafael 94901	Construction of affordable housing for seniors and disabled	\$1,000,000
	HOME Program Administration				
					\$3,810,000

* This project is designated as a Community Housing Development Organization (CHDO) project, as defined in the HOME regulations. The HOME Program requires that a minimum of 15% of the grant, \$82,158.30, be spent on CHDO-sponsored projects.

**RECOMMENDED COMMUNITY DEVELOPMENT BLOCK GRANT COUNTYWIDE FUNDING ALLOCATIONS
2013-14**

PROJ.#	PROJECT NAME	If previously funded, data reported:		Quality of Affirmative Marketing Plan	CDBG REQUEST	Proposed Planning Area Allocation	Proposed Countywide Housing Allocation	Proposed Reprogrammed Prior Year Funds and Program Income	CDBG Grand Total
		% Racial Minorities	% Hispanic	A-Excellent; B-Responsive; C-Non-Responsive					
	Marin County, 2010 Census	14%	16%						

Countywide

CH - 1	Fair Housing Services	15%	21%	A	\$59,052	\$29,248	\$17,104		\$46,352
CH - 2	Rehabilitation Loan Program	11%	22%	A	\$150,000			\$212,000	\$212,000
CH - 3	Residential Accessibility Modification Program	20%	0%	B	\$30,000	\$8,708	\$5,092		\$13,800
					\$239,052	\$37,956	\$22,196	\$212,000	\$272,152

Lower Ross Valley

LH - 1	Rehabilitation Loan Program	11%	22%	A	\$35,000	\$0			\$0
					\$35,000	\$0	\$0	\$0	\$0

Novato

NH - 1	1112 4th Street Homes	New	New	A	\$200,000	\$0			\$0
NH - 2	Elpida-Marion House-Rehabilitation	New	New	B	\$34,000	\$0			\$0
NH - 3	Gilead House-Rehabilitation	30%	20%	B	\$14,030	\$0			\$0
NH - 4	HavenWorks Transitional Housing Pilot Project	New	New	C	\$59,000	\$0			\$0
NH - 5	Lifehouse: Stonehaven House-Rehabilitation	17%	0%	C	\$19,500	\$0			\$0
NH - 6	New Beginnings Center-Rehabilitation	30%	8%	B	\$88,815	\$0			\$0
NH - 7	Oma Village-Housing for Working Families	N/A	N/A	B	\$200,000	\$130,963			\$130,963
NH - 8	Rehabilitation Loan Program	11%	22%	A	\$70,000	\$0			\$0
					\$685,345	\$130,963	\$0	\$0	\$130,963

Richardson Bay

RH - 1	Galilee Harbor-rehabilitation	16%	3%	A	\$139,912	\$59,880			\$59,880
RH - 2	Gates Cooperative	5%	5%	B	\$317,516	\$0	\$100,000		\$100,000
RH - 3	Rehabilitation Loan Program	11%	22%	A	\$45,000	\$0			\$0
					\$502,428	\$59,880	\$100,000	\$0	\$159,880

PROJ.#	PROJECT NAME	If previously funded, data reported:		Quality of Affirmative Marketing Plan	CDBG REQUEST	Proposed Planning Area Allocation	Proposed Countywide Housing Allocation	Proposed Reprogrammed Prior Year Funds and Program Income	CDBG Grand Total
		% Racial Minorities	% Hispanic	A-Excellent; B-Responsive; C-Non-Responsive					

San Rafael

SH - 1	Bucklew: D Street House-Rehabilitation	11%	11%	C	\$35,025				\$0
SH - 2	Family Resource Center-Rehabilitation	35%	35%	B	\$27,800				\$0
SH - 3	Lifehouse: Laurel Place-Rehabilitation	33%	0%	C	\$24,500				\$0
SH - 4	Lifehouse: Sunrise II-Rehabilitation	20%	40%	C	\$52,600				\$0
SH - 5	Marinwood Plaza Housing	N/A	N/A	C	\$700,000		\$181,549	\$36,591	\$218,140
SH - 6	Rehabilitation Loan Program	11%	22%	A	\$150,000				\$0
SH - 7	Rotary Manor-Rehabilitation	6%	4%	C	\$112,477				\$0
SH - 8	Whistlestop Renaissance Housing	New	New	A	\$1,000,000				\$0
					\$2,102,402	\$0	\$181,549	\$36,591	\$218,140

Upper Ross Valley

UH - 1	Lifehouse: Fairfax House-Rehabilitation	0%	0%	C	\$12,500	\$12,500			\$12,500
UH - 2	Lifehouse: San Anselmo House-Rehabilitation	New	New	C	\$16,800	\$0			\$0
UH - 3	Peace Village	New	New	A	\$166,000	\$2,500			\$2,500
UH - 4	Rehabilitation Loan Program	11%	22%	A	\$35,000	\$0			\$0
UH - 5	San Anselmo Seminary Housing	New	New	A	\$600,000	\$0			\$0
					\$830,300	\$15,000	\$0	\$0	\$15,000

West Marin

WH - 1	73 Inverness Way	New	New	B	\$150,000	\$0			\$0
WH - 2	Bolinas Garage (Housing)	0%	0%	B	\$21,670	\$11,738			\$11,738
WH - 3	Gibson House-Rehabilitation	14%	29%	B	\$18,890	\$0			\$0
WH - 4	Rehabilitation Loan Program	11%	22%	A	\$15,000	\$0			\$0
WH - 5	Stockstill House	0%	0%	A	\$7,500	\$6,800			\$6,800
					\$213,060	\$18,538	\$0	\$0	\$18,538

CDBG Total \$4,607,587 \$262,337 \$303,745 \$248,591 \$814,673

**RECOMMENDED HOME PROGRAM FUNDING ALLOCATIONS
2013-14**

PROJ.#	PROJECT NAME	If previously funded, data reported:		Quality of Affirmative Marketing Plan	HOME REQUEST	Proposed CDBG Planning Area and Countywide Housing Allocation	Proposed HOME Allocation	Proposed Reprogrammed Prior Year HOME Funds and Program Income	HOME and CDBG Grand Total
		% Racial Minorities	% Hispanic	A-Excellent; B-Responsive; C-Non-Responsive					
H - 1	1112 4th Street Homes	New	New	A	\$200,000	\$0			\$0
H - 2	73 Inverness Way	New	New	B	\$150,000	\$0			\$0
H - 3	Marinwood Plaza Housing	N/A	N/A	C	\$700,000	\$218,140			\$218,140
H - 4	Oma Village-Housing for Working Families	N/A	N/A	B	\$525,000	\$130,963			\$130,963
H - 5	Peace Village *	New	New	A	\$535,000	\$2,500	\$82,159		\$84,659
H - 6	San Anselmo Seminary Housing	New	New	A	\$600,000	\$0	\$410,791	\$11,350	\$422,141
H - 7	Tenant Based Rental Assistance for Protected	New	New	C	\$100,000	\$0			\$0
H - 8	Whistlestop Renaissance Housing *	New	New	A	\$1,000,000	\$0		\$89,303	\$89,303
	HOME Program Administration						\$54,772		\$54,772
\$3,810,000						\$351,603	\$547,722	\$100,653	\$999,978

* This project is designated as a Community Housing Development Organization (CHDO) project, as defined in the HOME regulations. The HOME Program requires that a minimum of 15% of the grant, \$82,158.30, be spent on CHDO-sponsored projects.

Equal Opportunity and Affirmative Marketing Concerns

The tables on pages 13-15 list all the applications received and the amount staff recommends for each project, as well as some additional information about the equal opportunity impact of each proposal. In view of the commitments the County has made in the Implementation Plan for its Analysis of Impediments to Fair Housing Choice, we are including information about the extent to which racial and ethnic minorities are being served by potential projects, and ratings of each applicant's affirmative marketing plans. Affirmative marketing is a process by which an organization analyzes which racial and ethnic groups are least likely to apply for its services, followed by targeted marketing efforts to reach those "least likely to apply" groups. (Please note that federal guidelines recognize Hispanic status as an ethnicity, not as a race.)

For projects which have previously received CDBG or HOME funding, we have included the percentage of clients who are racial minorities and the percentage of clients who are Hispanic, based on reports that have been previously filed by the sponsors. For new proposals, not previously funded by CDBG or HOME, we did not report this information, and have noted "new" in the data columns.

For all proposals, we have included a staff evaluation of the sponsor's answer to the affirmative marketing question on the CDBG application. An "A" grade indicates that the applicant analyzed which racial and ethnic groups are least likely to apply for its project, and clearly stated how they would market their project specifically to the "least likely to apply" groups. A "B" grade indicates that the applicant was responsive to the question, but was not specific enough in its analysis of which racial and ethnic groups are least likely to apply, was too general in its proposed affirmative marketing activities, or proposed weak affirmative marketing actions. A "C" grade indicates that the applicant was not responsive to the question. In some cases, the quality of an applicant's response to the affirmative marketing question is very different from its actual affirmative marketing performance. It is also possible for a project to be very effective in serving a particular minority group but to be less effective in affirmatively marketing its services to other demographic groups.

**RECOMMENDATIONS FOR REPROGRAMMING PREVIOUSLY ALLOCATED
CDBG COUNTYWIDE HOUSING FUNDS**

At its January 1992 meeting, the CDBG Priority Setting Committee decided that unspent CDBG balances allocated to projects over two years ago should be considered for reallocation (“reprogramming”) to other projects which may be in greater need of the funds. In compliance with this policy, CDBG staff have sent the required 30-day notices to all project sponsors with CDBG funds which were allocated two years ago or earlier, as well as to newer projects which have been moving slowly, so that the Committee would have the option of reprogramming these funds. A more detailed analysis of the projects with a CDBG Countywide Housing funds balance over two years old or otherwise subject to reprogramming is presented below:

Gates Cooperative (Gates Cooperative and EAH Inc.)

2009-10	\$71,123
2010-11	<u>227,400</u>
TOTAL	\$298,523

Note that the dollar amounts listed above do not reflect the budget changes adopted on February 26, 2013. Also, the amounts listed in the table above are limited to the CDBG allocations for the Gates Cooperative from the Countywide Housing component of CDBG. There are also allocations for the Gates Cooperative from the Richardson Bay component of CDBG. The combined total of CDBG funds being held for the Gates Cooperative from the Richardson Bay and Countywide Housing components was \$629,500 before February 26, 2013, when \$100,000 was shifted from the Gates Cooperative to San Rafael Accessibility Improvements. With the new CDBG allocation recommended elsewhere in this report, the total CDBG funding for the Gates Cooperative will be restored to \$629,500. (See page 24.)

After the budget changes adopted on February 26, 2013, the amounts of CDBG Countywide Housing funds being held for the Gates Cooperative became:

2009-10	\$71,123
2010-11	<u>127,400</u>
TOTAL	\$198,523

The Gates Cooperative project is described on page 24.

In January 2010, we shifted a \$250,000 CDBG commitment from the Gates Cooperative to the Fireside Housing and \$100,000 from the Gates Cooperative to San Rafael Curb Cuts, partly to meet a HUD timely spending deadline, but also to do our part to bring the Fireside out of financial default. There was an understanding that efforts would be made to restore the “borrowed” funds to the Gates Cooperative over two funding cycles. In the 2010 round of CDBG funding, we restored \$21,200 to the Gates Cooperative from the Richardson Bay Planning Area, and \$227,400 from the Countywide Housing component, leaving an additional \$101,400 that would still need to be provided in order to restore the Gates Cooperative to its 2009 funding level. In 2012, we reprogrammed an additional \$66,116 from the Gates Cooperative to the Rehabilitation Loan Program. Looking at the net history of these budget

transfers, a total of \$167,516 has been reprogrammed from the Gates Cooperative but not restored. CDBG staff is hopeful that the project can be completed without these funds. As more information becomes available about the scope of rehabilitation needed and the financial capacity of the Gates Cooperative members, we will have a better idea of whether there will be a funding gap. Given the long commitment of the CDBG Program to the Gates Cooperative, staff recommends that the financial needs of the Gates Cooperative be given careful consideration in future CDBG allocations.

Inverness Valley Inn (Community Land Trust Association of West Marin)

2012-13

\$60,697

The Community Land Trust Association of West Marin had hoped to purchase the Inverness Valley Inn and remodel it into rental apartments. The Land Trust was unable to obtain site control of the Inn, and has cancelled its proposed project at that location. On February 19, 2013, the Priority Setting Committee agreed to reprogram these funds to the City of San Rafael for its Public Facilities Accessibility Improvements, in exchange for reducing the San Rafael Planning Area's normal 2013-14 CDBG allocation by \$60,697, which would then be transferred to the CDBG Countywide Housing allocation and used for other projects. The Board of Supervisors approved the reprogramming on February 26, 2013, and the enclosed list of San Rafael Planning Area 2013-14 CDBG projects includes an annotation that \$60,697 is being transferred from San Rafael Planning Area CDBG funds to the CDBG Countywide Housing allocation.

Unprogrammed CDBG Funds

There is a pool of CDBG funds which has accumulated in the budget from years when we intentionally budgeted funds for uncertain costs of compliance with HUD regulations, particularly the regulations that mandate relocation benefits for households displaced by HUD-funded activities. CDBG staff recommends liquidating a \$100,313.64 CDBG reserve for relocation benefits that is no longer needed, and allocating that amount to:

Rehabilitation Loan Program (operating expenses) (Marin Housing Authority)	\$100,313.64
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Transfer of Funds from Rehabilitation Loan Program Revolving Loan Fund to Rehabilitation Loan Program Operating Expenses

Staff recommends that operating expenses for the Rehabilitation Loan Program be partially funded by transferring \$111,686.36 from the Revolving Loan Fund maintained by the Marin Housing Authority for the Rehabilitation Loan Program to:

Rehabilitation Loan Program (operating expenses) (Marin Housing Authority)	\$111,686.36
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**RECOMMENDATIONS FOR ALLOCATION OF
CDBG COUNTYWIDE HOUSING PROGRAM INCOME**

If the CDBG program receives revenue from a completed project, this amount is considered program income, which must be made available to fund new CDBG activities. When CDBG funds are used towards acquisition or major rehabilitation of real estate, a deed of trust or a CDBG lien agreement is usually recorded on the property. The Rehabilitation Loan Program, funded by CDBG, uses a standard Promissory Note and Deed of Trust to secure the loans it makes to homeowners. Loans made by the Rehabilitation Loan Program carry a fixed interest rate, which is stated in the loan documents. For other CDBG projects, we generally use a CDBG lien agreement, which is triggered if the property is ever sold or if its use is ever changed, but which never requires payment of principal or interest if the property remains in the same ownership and use. The standard CDBG lien agreement is for a stated percentage of the value of the property, set at the percentage of the project cost contributed by CDBG, so that, if the lien is triggered, the implicit interest rate on the CDBG funds is the rate at which the property has appreciated. In the past year, two projects, the Rehabilitation Loan Program and Henry Ohlhoff House North, have generated CDBG program income.

Henry Ohlhoff House North (Henry Ohlhoff Programs)

Between 1994 and 2006, the County of Marin provided a total of \$155,454 in CDBG funds for the rehabilitation of Henry Ohlhoff House North, a residential substance abuse treatment program facility in Novato. The program closed in May 2012, and the project sponsor sold the property. In accordance with the CDBG lien agreements recorded on the property, \$140,743.34 from the sales proceeds was paid to the County. In July 2012, the County requested a determination from HUD as to whether the payment was program income, subject to CDBG regulations, or unrestricted funds, not subject to CDBG regulations. Although we have not yet received the written determination from HUD, we have just been notified that they have determined that the funds are program income. Based on the source of the original funds, \$36,590.52 of the program income is now available for reprogramming as CDBG Countywide Housing funds, and \$104,152.82 of the program income is now available for reprogramming as CDBG Novato Planning Area funds.

The Novato City Council will be asked to make a recommendation for the use of the Novato share of the funds in April. If the Priority Setting Committee agrees, staff could include the Novato Council's recommendation in the annual Action Plan (CDBG budget) which will go to the Board of Supervisors for approval on May 7, 2013 and be sent to HUD the following week. The recommendation could then be reported to the Priority Setting Committee at its next meeting, and if the Priority Setting Committee was not in agreement, its recommendation could be sent to the Board of Supervisors for consideration at that time.

Staff recommends that the Countywide Housing share of the funds be reprogrammed to:

Marinwood Plaza Housing	\$36,590.52
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Rehabilitation Loan Program (Marin County Housing Authority)

The Rehabilitation Loan Program makes loans to eligible homeowners and nonprofit organizations for rehabilitation of single-family houses, including mobile homes, group homes, and houseboats. (See page 25.) In the past, revenue from monthly loan payments and repaid loans has been deposited in the Rehabilitation Loan Program's Revolving Loan Fund and then used to make additional loans. Staff recommends that this procedure continue to be followed. The amount of program income generated by the Rehabilitation Loan Program is volatile and difficult to predict. During the 2011-12 program year (July 1, 2011 to June 30, 2012), the Rehabilitation Loan Program generated \$235,621.52 in program income. For the 2012-13 program year (July 1, 2012 to June 30, 2013), we expect that this program will generate approximately \$350,000 in program income. For the 2013-14 program year (July 1, 2013 to June 30, 2014), we expect that this program will generate approximately \$350,000 in program income.

**RECOMMENDATION FOR REPROGRAMMING
PREVIOUSLY ALLOCATED HOME FUNDS**

At its January 1992 meeting, the CDBG Priority Setting Committee decided that unspent CDBG balances allocated to projects over two years ago should be considered for reallocation (“reprogramming”) to other projects which may be in greater need of the funds. Applying this policy to HOME projects, every year CDBG staff sends the required 30-day notices to all project sponsors with HOME funds which were allocated two years ago or earlier, as well as to newer projects which have been moving slowly, so that the Committee would have the option of reprogramming these funds. The federal regulations that govern the HOME Program require that HOME funds be committed to projects within two years and be spent within five years. Marin could lose any funding that does not meet these deadlines. There are no HOME projects with unspent balances that are more than two years old. However, one HOME project has been cancelled by its sponsor, and staff is recommending that its HOME allocation be reprogrammed.

Inverness Valley Inn (Community Land Trust Association of West Marin)
 2012-13 HOME Community Housing Development \$89,303
 Organization (CHDO) Funds (CHDO funds)

The Community Land Trust Association of West Marin had hoped to purchase the Inverness Valley Inn and remodel it into rental apartments. The Land Trust was unable to obtain site control of the Inn, and has cancelled its proposed project at that location. Staff recommends that the HOME CHDO allocation for this project be reprogrammed to:

Whistlestop Renaissance Housing (Eden Development, Inc.) (a CHDO project)	\$89,303 (CHDO funds)
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**RECOMMENDATION FOR ALLOCATION OF
HOME PROGRAM INCOME**

The Marin Housing Authority has been implementing the American Dream Downpayment Initiative (ADDI), a segment of the HOME Program which provides supplemental financing for low-income homebuyers. In January 2013, a recent homebuyer repaid \$11,350.14 from an ADDI loan, and the Marin Housing Authority returned the \$11,350.14 to the County for re-use in the HOME Program. Staff recommends that this HOME program income be allocated to:

San Anselmo Seminary Housing (EAH, Inc.)	\$11,350.14
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PROJECT REVIEW:
DESCRIPTIONS OF PROPOSED
COMMUNITY DEVELOPMENT BLOCK GRANT
COUNTYWIDE HOUSING PROJECTS

1. Fair Housing Program (Fair Housing of Marin)

Funding is recommended to enable the Fair Housing Program to continue its fair housing counseling services for people seeking housing who may be victims of discrimination. Their services include counseling victims of housing discrimination, investigating and referring cases to federal and state enforcement agencies, monitoring filed complaints, conducting training seminars for the housing industry, providing community education on fair housing rights, and presenting educational programs in public schools.

From time to time, the Fair Housing Program runs audits to determine the extent of discrimination in the Marin rental housing market. Audits conducted by the Program found that an apartment-hunting household with children can expect to encounter discrimination from 37% of Marin landlords, an African-American can expect to encounter discrimination from 33% of Marin landlords, a Latino can expect to encounter discrimination from 31% of Marin landlords, a person with a physical disability can expect to encounter discrimination from 28% of Marin landlords, and a person with a disabling condition that requires a personal care attendant can expect differential treatment from 37% of Marin landlords.

Examples of discriminatory practices include:

- Telling only the white applicants about all available units.
- Not returning calls to callers who sound as if they might be Latino or African-American, while returning calls to Caucasian-sounding callers.
- Showing fewer or less desirable units to Latino applicants.
- Quoting higher rents or security deposits to African-American applicants.
- Offering application forms to couples without children, but providing application forms to families with children only if they specifically ask.
- Refusing to rent to families with children, restricting families to the ground floor, or establishing rules so restrictive for children that families with children are discouraged from living in a complex.
- Not allowing a disabled tenant a reasonable accommodation or modification as required by fair housing laws.

The Fair Housing Program is a valuable community resource, helping to educate landlords and neighbors about the fair housing laws and helping to maintain and encourage a healthy diversity of population in Marin. The proposed funding for Fair Housing will pay for staff to provide community education and outreach concerning fair housing laws and services, to recruit and train fair housing testers, to monitor discrimination in the housing market, to investigate and verify claims of alleged discrimination, to counsel victims of housing discrimination, and to pursue fair housing cases in court or through referrals to state or federal agencies. During the 2011-12 program year, the Program handled 1,295 inquiries and processed 243 housing discrimination complaints. Of the Program's clients, 86% are low income. Of the discrimination complaints, the range included: disability (166), national origin (35), familial status (32), race (26), gender (13), age (11), sexual orientation (4), marital status (2), religion (2), and source of income (1). Of these complaints, 22 persons were referred to the U.S. Department of Housing and Urban Development or to the California Department of Fair Employment and Housing, and two were referred to attorneys. Financial settlements were reached in four cases, totaling \$65,500.

It is notable that 68% of the fair housing complaints in Marin are on the basis of disability, higher than the national average. Last year, Fair Housing of Marin assisted 28 disabled clients with requests for accessibility accommodations. With proceeds from a 2010 lawsuit settlement, Fair Housing of Marin has established a fund to make grants for accessibility improvements, in partnership with the Marin Center for Independent Living and the Disability Services and Legal Center. In the last year, this funding provided accessibility modifications for eleven tenants with disabilities.

Fair Housing of Marin holds an annual fair housing poster contest for Marin schoolchildren, and also offers a human rights storytelling program to local schools. The Fair Housing Program also provides training to landlords, sponsoring "Fair Housing Law and Practice" seminars. To assist Spanish-speaking clients, the Program's bilingual housing counselor meets weekly with clients at Canal Alliance.

Fair Housing of Marin has also become involved in emerging issues, such as monitoring the use of discriminatory wording in internet advertising for rental housing, and following up with the advertisers to change their wording. CDBG regulations require that the County take affirmative action to further fair housing, and providing CDBG funding for the Fair Housing Program is a part of meeting that obligation.

The Novato City Council and the San Rafael City Council have assumed some of the CDBG project selection functions that were previously performed by subcommittees of the CDBG Priority Setting Committee. (See page 33 for details.) Both the Novato and San Rafael City Councils have allocated a share of their CDBG funds for the Fair Housing Program. Combining the \$17,104 recommended in this report with the \$10,976 allocated by the Novato City Council and the \$18,272 allocated by the San Rafael City Council, the CDBG support for the Fair Housing Program totals \$46,352, the same amount as last year.

Equal Opportunity Analysis: Racial minorities are represented among the beneficiaries of this program in about the same proportion as their representation in the general Marin population. Hispanics are very well represented compared to their proportion of the Marin population. The sponsor's affirmative marketing proposal is excellent (rated A).

2. Gates Cooperative (EAH, Inc. and Gates Cooperative)

The Gates Cooperative is a liveaboard low-income community located within Waldo Point Harbor, just north of Sausalito. A very lengthy planning approval process for Waldo Point Harbor has been completed. Gates Cooperative members' boats can remain in the Harbor only if the boats are upgraded to meet code standards. Rehabilitation of the Gates Cooperative boats has begun, with financial assistance from CDBG, the Housing Authority's Rehabilitation Loan Program, and Buck Trust funds being administered by EAH. All indications are that the extent of rehabilitation needed to meet code standards is less than was feared, so there is a good possibility that the project can be completed without requiring additional grant funds.

In order to meet HUD's annual timely spending test next month, staff recommended the reallocation ("reprogramming") of \$100,000 in CDBG Countywide Housing funds from the Gates Cooperative to City of San Rafael Public Facilities Accessibility Improvements. This reprogramming was approved by the CDBG Priority Setting Committee on February 19, 2013 and the Board of Supervisors on February 26, 2013. The City of San Rafael will be able to spend the \$100,000 before the April timely spending test date. The reprogramming was accepted based on assurances that the San Rafael Planning Area's normal 2013-14 allocation would be reduced by \$100,000, which would then be transferred to the CDBG Countywide Housing allocation and used to replenish the Gates Cooperative's allocation. The enclosed list of San Rafael Planning Area 2013-14 CDBG projects includes an annotation that \$100,000 is being transferred from San Rafael Planning Area CDBG funds to the CDBG Countywide Housing allocation. The \$100,000 allocation of CDBG Countywide Housing funds to the Gates Cooperative, as recommended in this report, completes the promised round of transactions, restoring the CDBG account for the Gates Cooperative to its January 2013 level. In effect, the Gates Cooperative "lent" \$100,000 to the San Rafael curb ramp project, and San Rafael is now using its 2013-14 allocation to repay that "debt."

Equal Opportunity Analysis: Although racial minorities and Hispanics are not well represented in this project, it should be kept in mind that many of the Gates Coop boats do not yet fully meet code standards, and that it may not be good public policy to affirmatively market substandard housing. The sponsor's affirmative marketing proposal is responsive (rated B).

3. Marinwood Plaza Housing (BRIDGE Housing Corporation)

BRIDGE Housing Corporation proposes to build 72 units of affordable family rental housing on this 5-acre site, which includes an existing neighborhood shopping center. Much of the shopping center is vacant, but a grocery store has opened in the middle of the property. The grocery store would remain at its present location and under its current ownership. BRIDGE is under contract to purchase 3 ½ acres of the property, to the north and south of the grocery, but not including the grocery. BRIDGE plans to demolish a mostly vacant portion of the shopping center, on the southern portion of the site, and replace it with 72 units of affordable rental housing. Additional retail space and up to 30 units of market-rate housing are planned for the northern end of the site. The BRIDGE proposal is consistent with the Marinwood Village Guiding Principles, which call for a mixed use development including a grocery, additional retail uses, and housing. The recommended CDBG funding could be used towards the cost of site acquisition. BRIDGE expects to file its application for County planning approvals next month. The project sponsor will need at least a year to obtain planning approvals, which will allow time to obtain additional funding. Given the scale of the proposal, CDBG staff expects that the project sponsor will apply for additional CDBG and HOME funding next year.

Equal Opportunity Analysis: The sponsor's affirmative marketing proposal is non-responsive (rated C). The site is not located in an area of minority concentration and has excellent potential for improving neighborhood diversity.

4. Rehabilitation Loan Program (Marin County Housing Authority)

There is an ongoing need for rehabilitation loans for low income homeowners throughout Marin. Over the past thirty-seven years, the Housing Authority has made 707 rehabilitation loans totaling over \$12.5 million throughout the county. The program operates on a countywide basis. Loans are made available to owners of single-family homes to correct substandard housing conditions, to eliminate health and safety hazards, to create second units within an existing house where permitted by local ordinance, for rehabilitation of houseboats docked at approved berths, and for mobile homes located within a mobile home park. Loans range from \$5,000 to a usual limit of \$35,000, with an average of \$25,000. Loan terms are set according to the borrower's situation. The program offers amortized loans, interest-only loans, and deferred payment loans (with no payments due until the property is transferred). New loans are being made at a 5% interest rate.

Annual CDBG funding allocations have been used towards the cost of staff and other operating expenses of the Rehabilitation Loan Program. The program's loans are funded from its revolving loan fund. Revenue from monthly loan payments and repaid loans is expected to total \$350,000 in program income for the 2013-14 program year, and will be added to the revolving loan fund and used to make additional loans.

This year, CDBG staff recommends funding the operating expenses for the Rehabilitation Loan Program by (1) liquidating a \$100,314 CDBG reserve for relocation benefits that is no longer needed, and (2) transferring \$111,686 from the Rehabilitation Loan Program's Revolving Loan Fund to its operating expense account. As a result, the CDBG Program could enjoy a temporary "holiday" from funding the Rehabilitation Loan Program from current year funds. It should be noted that the transfer of funds from the Revolving Loan Fund to cover operating expenses for the program is a short-term strategy, and that continuation of the Rehabilitation Loan Program will require annual contributions in future years.

Group Homes

Eighteen years ago, in response to a local policy limiting the number of CDBG projects, the Housing Authority expanded the scope of this program to include non-profit-operated group homes serving special populations. The program offers group homes deferred payment loans at 3% interest, with no payments due until the use or ownership of the house changes. This has enabled the CDBG program to continue to assist the rehabilitation of group homes while reducing the administrative burden on the CDBG office. Involvement of the Housing Authority as intermediary also gives group homes the benefit of the knowledge of the rehabilitation experts on the staff of the Housing Authority.

Gates Cooperative

The Gates Cooperative is a liveaboard low-income community located within Waldo Point Harbor, just north of Sausalito. A very lengthy planning approval process for Waldo Point Harbor has been completed and rehabilitation of the Gates Cooperative boats has begun. The Priority Setting Committee has designated the Rehabilitation Loan Program to help Gates Cooperative members upgrade their boats to meet code standards so that they can qualify for berths in the new Waldo Point Harbor. Staff of the Rehabilitation Loan Program have been working closely with the Gates Cooperative and EAH, Inc. to carefully plan the details of houseboat rehabilitation for the Gates Cooperative. For the next three years, the Rehabilitation Loan Program will devote much of its attention to the rehabilitation of Gates houseboats. During the period of Gates rehabilitation, the Program will continue its work with single-family houses and group homes, although possibly at a limited pace. The Rehabilitation Loan Program funds would be supplemented by CDBG funds allocated to the Gates Cooperative for rehabilitation.

Equal Opportunity Analysis: Racial minorities are under-represented among the beneficiaries of this program, partly because racial minorities are under-represented among homeowners and the elderly. A large fraction of the program's beneficiaries are elderly homeowners. The sponsor's affirmative marketing proposal is excellent (rated A).

5. Residential Accessibility Modification Program (Marin Center for Independent Living (MCIL))

Through its Residential Accessibility Modification Program, the Marin Center for Independent Living provides technical assistance and minor remodeling to make housing accessible to lower-income residents with impaired mobility. In many cases, only minor improvements, such as installation of a ramp or grab bars, are needed to meet the accessibility needs of a disabled tenant. If needed, the program can also make more substantial kitchen and bathroom modifications. This program has expanded the supply of accessible rental housing in Marin. In many cases, when a tenant vacates a modified apartment, a new tenant with a physical disability is selected to occupy the unit, and the accessibility modifications continue to be used. This program is a cost-effective way to allow people with disabilities to live with the dignity that comes from independence and self-sufficiency. MCIL staff operate the program with a high level of efficiency and effectiveness. In many cases, modest accessibility improvement projects can avoid premature placement in a nursing home.

The Novato City Council and the San Rafael City Council have assumed some of the CDBG project selection functions that were previously performed by subcommittees of the CDBG Priority Setting Committee. (See page 33 for details.) Both the Novato and San Rafael City Councils have allocated a share of their CDBG funds for the MCIL Residential Accessibility Modification Program. Combining the \$5,092 recommended in this report with the \$3,268 allocated by the Novato City Council and the \$5,440 allocated by the San Rafael City Council, the CDBG support for this program totals \$13,800.

Equal Opportunity Analysis: Racial minorities are well represented among the beneficiaries of this program, but Hispanics are under-represented. The sponsor's affirmative marketing proposal is responsive (rated B).

All of the projects being recommended for CDBG Countywide Housing funds are being recommended for less than the requested amounts, and there was not enough money available to provide many worthy proposals with any funds at all. Marin's local policy to limit the number of CDBG projects was a factor in limiting the number of projects recommended by staff.

In our recommendations for CDBG Countywide Housing projects, we considered the needs of ongoing countywide programs--the Fair Housing Program, the Residential Accessibility Modification Program, and the Rehabilitation Loan Program--which would be seriously disrupted if the flow of CDBG funds ceased. Staff primarily considered large housing acquisition and development projects for CDBG Countywide Housing funds. Some large-scale projects were recommended for HOME funds instead of CDBG funds. Small-scale housing project proposals have already been considered for funding in their planning areas.

THE HOME PROGRAM

The HOME Program, administered by the U.S. Department of Housing and Urban Development (HUD), was established by the Cranston-Gonzalez National Affordable Housing Act of 1990 as a new source of federal funds for affordable housing. Eligible HOME activities include housing rehabilitation, housing construction, site acquisition, acquisition of existing housing, and tenant-based rental assistance. As with the Community Development Block Grant (CDBG) Program, HOME funds are granted to the County of Marin on behalf of both the County and all the cities in Marin, so projects throughout Marin County are eligible for funding. HOME-assisted rental units must serve people below 60% of area median income (\$63,300 for a family of four), with one-fifth of the HOME-assisted rental units reaching households below 50% of area median income (\$52,750 for a family of four). HOME-assisted homeownership units can serve people at up to 80% of median income (\$84,400 for a family of four).

Unlike other HUD programs, HOME requires the active participation of community-based organizations which both represent and are controlled by low-income community residents. The regulations require that localities set aside 15% of HOME funds for Community Housing Development Organization (CHDO) projects. The HOME regulations define a CHDO as a nonprofit organization with a third of its board consisting of low income people, residents of low income neighborhoods, and/or elected representatives of low income neighborhood organizations. Since our 2013-14 HOME grant is expected to be \$547,722, the 15% set-aside for CHDOs would be \$82,159. This requirement would be met by the recommended HOME allocation for Peace Village. (Last year's CHDO funds were allocated to the Inverness Valley Inn, which has been cancelled. Staff recommends that last year's \$89,303 CHDO allocation be reprogrammed from the Inverness Valley Inn to the Whistlestop Renaissance Housing. (See page 21.))

Implementation of the program and ongoing monitoring of funded projects requires a substantial amount of staff time. The County's contractual obligation is to monitor projects for as long as we require them to remain affordable, and the County's policy has been to exceed HUD's minimum requirements for the term of affordability. The HOME program regulations allow up to 10% of the grant to be used for administrative expenses. Staff is recommending that 10% of this year's HOME grant be set aside for administrative expenses.

Staff screened the eight HOME applications for eligibility under the HOME regulations and prioritized them according to each project's financial feasibility, whether it addresses a critical Marin County housing need, whether it can fulfill the regulatory requirements of the HOME Program, the likelihood that the project would meet HOME timing requirements, and the consequences of delaying the project due to lack of funds.

The HOME program sets deadlines for spending funds, and the County will automatically lose funds if the deadlines are not met. HOME funds must be committed by contract to projects within two years. Localities are not permitted to commit funds until they reasonably expect that construction or rehabilitation will begin within twelve months. (If the project involves

acquisition, we must reasonably expect that acquisition will occur within six months.) All funds must be spent within five years. If either deadline is not met, the federal government can cancel that portion of the community's HOME allocation.

As a result, we must restrict HOME funds to projects which appear to be able to commence quickly. Staff evaluated each project's readiness to move forward based on whether the sponsor had site control, local planning approvals (if needed), and commitments for the balance of the funding needed for the project. In cases where proposals have not yet reached these milestones, staff considered how much time the proposals would need to reach a point where they could proceed with acquisition or construction. Staff also considered the potential consequences to each project of delaying HOME funding for a year.

The CDBG program is a more appropriate funding source for smaller projects, for non-traditional housing projects which do not easily fit into the categories established by the HOME regulations, and for project sponsors which have not yet assembled the financing needed for them to commit to long-term affordability.

When a project sponsor accepts HOME financing, it must agree to have an affordability restriction recorded on the property. The HOME affordability restriction, mandated by HUD, may be removed only upon foreclosure. Even if the sponsor repays the HOME subsidy, the affordability restriction cannot be released. If a project sponsor might eventually want to end the project and sell the property, the HOME affordability restriction would persist and make it impossible to sell the property for full unrestricted market value. The CDBG program is more forgiving--in most cases, the project sponsor may remove the CDBG restriction simply by making a payment to the County. The amount of the payment would generally be the current fair market value of the property multiplied by the percentage of the initial project cost contributed by CDBG. Therefore, smaller projects and projects with an uncertain future are more suitably funded by CDBG rather than HOME.

PROJECT REVIEW: DESCRIPTIONS OF PROPOSED HOME PROJECTS

1. Peace Village (Resources for Community Development)

Resources for Community Development, an experienced nonprofit developer based in the East Bay, proposes to build 40 units of senior rental housing adjacent to the Christ Lutheran Church in Fairfax. A portion of the church property is leased to the Cascade Canyon School, a nonsectarian private school which has been operating on the site since 1981.

The church, the school, the Town of Fairfax, and Resources for Community Development have been collaborating effectively to plan this project. The Town has rezoned the site to accommodate the 40 units of senior housing, and has completed an EIR for the project as part of its housing element. Design review is the only remaining discretionary local approval required.

There are some site constraints that will make it difficult to fit 40 housing units and parking on the site, assuming that the housing will be limited to two stories. Although the portion of the site along Sir Francis Drake Boulevard is flat, silt accumulations in that area would require extra foundation work. There is a small seasonal stream on the east side of the site. Although the lot extends far behind the existing buildings, the rear area consists of an attractive wooded area that the church would like to preserve, and a hilly area which is less suited for development. Relocation of the sanctuary building is a possible way to resolve the site constraints.

The church members are carefully considering the long-term stewardship of the land, and see the school and senior housing as part of their vision for the future of the property. The housing site will likely be subdivided from the rest of the property, but it is not yet clear whether the housing site will be provided by a ground lease or sold to the project sponsor.

The project sponsor, Resources for Community Development, is a Community Housing Development Organization (CHDO) for the purposes of the HOME Program. The recommended HOME funds are from the CHDO set-aside.

Equal Opportunity Analysis: The majority of the sponsor's tenants are racial and ethnic minorities. The sponsor's affirmative marketing proposal is excellent (rated A).

2. San Anselmo Seminary Housing (EAH, Inc.)

The San Francisco Theological Seminary is in the process of obtaining local approvals to build new student and faculty housing on its campus in San Anselmo. When the new housing has been completed, the Seminary will no longer need five apartment buildings it owns in the area. EAH seeks to purchase and rehabilitate those five buildings, with a

total of 37 units, and maintain them as affordable housing. The unit mix is 11 one-bedroom units, 16 two-bedroom units, and 10 three-bedroom units. The apartments were built between 1961 and 1980, would benefit from some cosmetic upgrades, but are generally in good condition. They are located in a pleasant neighborhood near Sir Francis Drake Boulevard.

The San Anselmo Planning Commission is likely to hold design review hearings on the Seminary's development proposal in the next two months. Once the Seminary has obtained all development approvals, it will be in a position to schedule the new construction and will have a clearer idea of when it will no longer need the five apartment buildings. At that point, EAH and the Seminary will need to work out details of timing and the terms of a purchase agreement. Because the EAH project involves acquisition and moderate rehabilitation rather than new construction, the cost, uncertainty, and potential delay of the local planning approval process are eliminated.

Equal Opportunity Analysis: The sponsor's affirmative marketing proposal is excellent (rated A).

3. Whistlestop Renaissance Housing (Eden Development, Inc.)

The Marin Senior Coordinating Council provides senior services in its "Whistlestop" building, located adjacent to the proposed SMART train station and near the downtown bus terminal. The Marin Senior Coordinating Council has decided to keep its offices and services at this location, but as part of a proposed new five-story complex that would combine Whistlestop senior programs and 50 units of senior housing. The senior housing would be developed by an affiliate of Eden Housing, a nonprofit housing developer that owns the Fireside Apartments near Mill Valley and the Warner Creek Senior Housing in Novato. Because of its central location, the Whistlestop housing is likely to qualify for 9% low-income housing tax credits.¹ While the project's location next to transit will help in the competition for tax credits, it also creates some site planning, parking, and design challenges, and federal historic preservation regulations may affect this former train station building.

The project sponsor, Eden Development, Inc., is a Community Housing Development Organization (CHDO) for the purposes of the HOME Program. The recommended HOME funds are from last year's CHDO set-aside. (See page 21.)

¹ There are two varieties of low-income housing tax credits. The more valuable 9% credits are available through a competition that typically awards credits only to projects that achieve a better-than-perfect tie-breaker score on project characteristics and proximity to transit, stores, and services. The less valuable 4% credits are available to projects that qualify for tax-exempt private activity bond financing. The terms 9% and 4% refer to the approximate percentage of "qualified basis" which the tax credit investor may deduct from their federal taxes each year for ten years. Projects must remain affordable for at least a 30-year compliance term.

Equal Opportunity Analysis: Half the clients of Whistlestop are racial and ethnic minorities, which is remarkable given the demographics of Marin's senior population. The sponsor's affirmative marketing proposal is excellent (rated A).

This year, HOME applications totaled \$3.8 million, almost seven times the expected \$547,722 grant amount. Staff is recommending funding for only three HOME proposals.

HOME funds are best used for a small number of large projects that are ready to proceed. All HOME applicants were encouraged to apply to both the HOME and CDBG programs for the amount needed. In the staff recommendations this year, we focused the HOME funds on two projects (Peace Village and Whistlestop Renaissance Housing) which qualify for the CHDO set-aside, and one other promising project (San Anselmo Seminary Housing). (See page 8 for a discussion about project readiness and the need to monitor the progress of HOME projects and adjust funding levels accordingly.)

Staff did not recommend HOME funds for five of the eight projects for which HOME funds were sought. There simply weren't enough HOME funds this year to provide meaningful support to more than a few projects. Staff gave priority to the projects which would have the greatest impact in creating new housing opportunities for the lowest income people and which were the most ready to proceed.

This year, Marinwood Plaza and Oma Village were not recommended for HOME funds, but were recommended for CDBG funds.

Given the shortage of funding, staff did not recommend either of the homeownership proposals (1112 4th Street Homes and 73 Inverness Way) for funding. Rental projects typically serve people at lower income levels than homeownership projects. Homeownership projects do not qualify for low-income housing tax credits or many of the other funding programs that are available only for rental housing, so their ability to leverage funds not already committed to the county is limited. As has become clear during the recession and the subprime lending crisis, there is always a risk that the affordability restriction on a homeownership unit will fail and the unit will lose affordability.

The St. Vincent de Paul Society of Marin County applied for HOME funds for a rental assistance program, which is an allowable use of HOME funds. We have not previously made HOME funds available for rental assistance. There are reasonable arguments for using HOME funds for both rental assistance and for housing development. However, nonprofit developers have been making commitments to start projects under the assumption that past HOME funding patterns would continue, and that HOME funds would be available to help them deal with cost problems that may occur after their projects are underway. We have not seen a reduction in the volume of HOME applications for development projects during the recession. If all the recommended HOME development projects proceed quickly, we will have difficulty providing all of them with the funding they will need to be completed. If Marin chooses to make a significant long-term shift of HOME funds away from development, we should give nonprofit developers fair warning before they begin projects that depend on the future flow of HOME funds.

APPENDIX 1

**CDBG FUNDING ALLOCATION SYSTEM
FOR CITIES OVER 50,000 POPULATION**

Since 1974, the County of Marin and the cities in Marin County have jointly received Community Development Block Grant (CDBG) funds as an “urban county.” Originally, Marin County qualified for CDBG formula funding because all eleven cities signed cooperation agreements to participate with the County government in a single joint countywide CDBG program. This gave Marin a total population sufficient to qualify as an “urban county” under the CDBG regulations, enabling Marin to receive annual CDBG formula allocations.

Before 2000, interjurisdictional committees made recommendations for the allocation of all CDBG funds, except in West Marin (where there are no cities). In 1999, the City of San Rafael was certified as having a population that exceeds the 50,000 threshold that would make it eligible to choose to receive CDBG funds independent of the rest of the County. The City of San Rafael agreed to remain part of the CDBG “urban county,” but asked that the CDBG allocation system be modified to create more stability in the level of CDBG funding allocated to projects in San Rafael, and to give the City Council more control over the use of CDBG funds in San Rafael. In the long run, it is important to retain cities in the CDBG “urban county” to maximize the likelihood that Marin County will qualify for formula funds from HUD programs that may be created in the future.² At the request of the City of San Rafael, the Fiscal Year 2000-02 City-County Cooperation Agreements that established the system for distribution of CDBG funds included several changes to increase the authority of any city that reaches 50,000 population over its share of the County’s CDBG allocation. (These changes have also been included in the City-County Cooperation Agreements for subsequent periods.)

In November 2006, we received notification from HUD that the City of Novato had reached 50,000 population. This gave Novato the option to switch to the system that has been used by San Rafael. The 2008-09 CDBG funding cycle was the first where the Novato City Council assumed the expanded role for cities over 50,000. In the 2010-11 funding cycle, the Novato City Council expanded its role to include the public service component of the Novato CDBG allocation.

The table on the next page summarizes the changes in the CDBG allocation system adopted in 1999, as they are now implemented by San Rafael and Novato.

In 2012, the Priority Setting Committee and most of its local subcommittees were expanded to add representatives of racial and ethnic minorities and people with disabilities.

² For example, while the American Dream Downpayment Initiative was technically a component of the HOME Program, it used a separate funding formula. The 2003 formula was set so that if it resulted in an allocation below \$50,000, the community got nothing. Marin’s Fiscal Year 2003 allocation was \$65,799. If HUD treated San Rafael and the rest of Marin as two separate entities, it is likely that the 2003 formula would have assigned each of the two entities less than \$50,000, so Marin would have received nothing. Similarly, when HUD announced its new Homelessness Prevention Program in 2009, Marin County received a \$659,106 formula allocation. The minimum formula allocation was \$500,000, so the likelihood is that if Marin were split into three separate entities, Marin would not have received any formula funds from this new special program.

Past System	System for Cities Over 50,000 Population
<p>Recommendations for the allocation of the housing, capital, and public service components of a Planning Area's funds were made by a Local Area Committee, consisting of one representative from the City and one County representative, with advice from County staff. All funding allocations were subject to final approval by the Marin County Board of Supervisors.</p>	<p>Recommendations for the allocation of the housing, capital, and public service components of the Planning Area's funds may be made by the City Council, with advice from City staff. (San Rafael has chosen to maintain the old system for the allocation of the public service component of the Planning Area's funds, so that public service allocations are made by a Local Area Committee, including one representative from the City and one County representative, with advice from County staff.) All funding allocations continue to be subject to final approval by the Marin County Board of Supervisors.</p>
<p>At least 30% of each Planning Area's funds must be spent for housing. Traditionally, each Planning Area has spent the maximum allowed by HUD regulations for public service projects.</p>	<p>The City Council determines how much of its Planning Area allocation will be spent for housing, capital, and public service projects, subject only to the limits set by HUD regulations for public service projects.</p>
<p>CDBG Countywide Housing funds were allocated to housing projects by the Countywide Priority Setting Committee, without regard to location, with advice from County staff.</p>	<p>The City's proportional share of CDBG Countywide Housing funds has been added to (and become part of) the City's Planning Area funds, and is allocated to housing and non-housing projects by the City Council, with advice from City staff.</p>
<p>Unincorporated areas within the City's zip codes were part of its Planning Area.</p>	<p>No change.</p>
<p>Recommendations for the allocation of HOME Program funds were made by the Countywide Priority Setting Committee, without regard to location, with advice from County staff. All funding allocations were subject to final approval by the Marin County Board of Supervisors.</p>	<p>No change. The City retains a seat on the Countywide Priority Setting Committee.</p>
<p>The Board of Supervisors holds the final hearing on use of all CDBG and HOME funds.</p>	<p>No change.</p>

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**COMPREHENSIVE SUMMARY OF RECOMMENDED CDBG AND HOME PROJECT FUNDING ALLOCATIONS
2013-14**

PROJECT NAME	REQUEST	Community Development Block Grant									HOME Program			PROJECT TOTAL	
		CDBG Planning Areas									HOME Allocations	Reprogrammed Prior Year Funds & Program Income	HOME Total		
		Countywide	Lower Ross Valley	Novato	Richardson Bay	San Rafael	Upper Ross Valley	West Marin	Reprogrammed Prior Year Funds & Program Income	CDBG Total					
HOUSING															
Bolinas Garage (Housing)	\$21,670								\$11,738		\$11,738			\$0	\$11,738
Fair Housing Services	\$59,052	\$17,104		\$10,976			\$18,272				\$46,352			\$0	\$46,352
Galilee Harbor-rehabilitation	\$139,912				\$40,000					\$19,880	\$59,880			\$0	\$59,880
Gates Cooperative	\$317,516	\$100,000									\$100,000			\$0	\$100,000
Lifeshouse: Fairfax House-Rehabilitation	\$12,500						\$12,500				\$12,500			\$0	\$12,500
Marinwood Plaza Housing	\$1,400,000	\$181,549								\$36,591	\$218,140			\$0	\$218,140
Oma Village-Housing for Working Families	\$725,000			\$130,963							\$130,963			\$0	\$130,963
Peace Village	\$701,000						\$2,500				\$2,500	\$82,159		\$82,159	\$84,659
Rehabilitation Loan Program	\$500,000									\$212,000	\$212,000			\$0	\$212,000
Residential Accessibility Modification Program	\$30,000	\$5,092		\$3,268			\$5,440				\$13,800			\$0	\$13,800
San Anselmo Seminary Housing	\$1,200,000										\$0	\$410,791	\$11,350	\$422,141	\$422,141
Stockstill House	\$7,500							\$6,800			\$6,800			\$0	\$6,800
Whistlestop Renaissance Housing	\$2,000,000										\$0		\$89,303	\$89,303	\$89,303
CAPITAL															
Fairfax-San Anselmo Children's Center-	\$93,500						\$12,207				\$12,207			\$0	\$12,207
Marin City CDC-office rehabilitation	\$29,752				\$12,438						\$12,438			\$0	\$12,438
San Rafael ADA Compliance	\$300,000					\$82,896				\$252	\$83,148			\$0	\$83,148
PUBLIC SERVICES															
After School Transportation Program	\$13,850						\$2,000				\$2,000			\$0	\$2,000
Family Law Legal Services	\$30,600		\$3,300			\$6,000	\$2,000				\$11,300			\$0	\$11,300
Home Care Assistance for the Elderly	\$7,000							\$3,479			\$3,479			\$0	\$3,479
Human Services Program	\$18,000							\$4,500			\$4,500			\$0	\$4,500
Marin Brain Injury Network Services	\$30,000		\$2,700			\$6,000	\$2,300				\$11,000			\$0	\$11,000
Marin Learning Center, Therapeutic Services	\$20,000				\$11,067						\$11,067			\$0	\$11,067
Middle School Program	\$15,000					\$13,500					\$13,500			\$0	\$13,500
North Bay Children's Center Scholarships	\$20,000			\$4,876							\$4,876			\$0	\$4,876
Novato Independent Elders Program	\$25,000			\$23,000							\$23,000			\$0	\$23,000
Novato Youth Center-Scholarships	\$15,000			\$4,876							\$4,876			\$0	\$4,876
Novato Youth Community Diabetes Project	\$10,000			\$3,868							\$3,868			\$0	\$3,868
Performing Stars	\$20,000				\$10,000	\$2,171					\$12,171			\$0	\$12,171
Pickleweed Children's Center	\$39,579					\$13,500					\$13,500			\$0	\$13,500
Quality Care for Kids Scholarships	\$12,500			\$5,242							\$5,242			\$0	\$5,242
Senior Access Scholarships	\$50,000		\$3,887	\$1,840	\$1,500	\$6,000	\$4,408				\$17,635			\$0	\$17,635
Transitional Housing Programs-gap funding	\$16,460		\$1,000				\$1,000				\$2,000			\$0	\$2,000
CDBG Administration											\$275,000			\$0	\$275,000
HOME Administration												\$54,772		\$54,772	\$54,772
	\$7,880,391	\$303,745	\$10,887	\$188,909	\$75,005	\$153,779	\$38,915	\$26,517	\$268,723	\$1,341,480	\$547,722	\$100,653	\$648,375	\$1,989,855	

**SUMMARY LIST OF PROPOSED
COMMUNITY DEVELOPMENT
BLOCK GRANT 2013-14
PLANNING AREA ALLOCATIONS
AND REPROGRAMMINGS OF PAST
YEARS' PLANNING AREA FUNDS**

LOWER ROSS VALLEY PLANNING AREA

Housing	Transfer to Countywide Housing	\$ 25,299
		\$25,299

Capital	There were no capital project proposals this year.	\$0
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Public Service	Family Law Legal Services	Family & Children's Law Center	30 North San Pedro Road, Suite 245, San Rafael 94903	Legal assistance for low income families	\$3,300
	Marin Brain Injury Network Services	Brain Injury Network of the Bay Area	1132 Magnolia Avenue, Larkspur 94939	Staff salaries for services for head injury survivors	\$2,700
	Senior Access Scholarships	Senior Access	70 Skyview Terrace, Bldg. B, San Rafael 94903	Scholarships, elderly day care	\$3,887
	Transitional Housing Programs-gap funding	Center for Domestic Peace	Confidential	Gap funding for transitional housing programs	\$1,000
					\$10,887

Total \$36,186

Total Available for Planning Area	\$36,186
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Maximum funds available for Public Services	\$10,887
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Minimum funds required for Housing (County policy requires each planning area to allocate at least 30% of its funds for housing.)	\$10,856
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NOVATO PLANNING AREA

Housing	Fair Housing Services	Fair Housing of Marin	615 B Street, Suite #1, San Rafael 94901	Fair housing services	\$10,976
	Oma Village-Housing for Working Families	Homeward Bound of Marin	5394 Nave Drive, Novato 94949	Offsite improvement and demolition costs for affordable housing	\$130,963
	Residential Accessibility Modification Program	Marin Center for Independent Living	Countywide	Housing rehabilitation for handicapped accessibility	\$3,268
					\$145,207

Capital	No capital projects were funded this year.				\$0
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Public Services	North Bay Children's Center Scholarships	North Bay Children's Center	932 C Street, Novato 94949	Child care scholarships	\$4,876
	Novato Independent Elders Program	Episcopal Senior Communities	1560 Hill Road, Novato, CA 94947	Senior services	\$23,000
	Novato Youth Center-Scholarships	Novato Youth Center	680 Wilson Avenue, Novato 94947	Child care scholarships	\$4,876
	Novato Youth Community Diabetes Project	Marin and Novato Y	3 Hamilton Landing, Ste 140, Novato 94949	Staff salaries for youth fitness and nutrition program	\$3,868
	Quality Care for Kids Scholarships	Quality Care for Kids	629 Plum Street (94945), 1320 Lynwood Drive (94947), Novato	Child care scholarships	\$5,242
	Senior Access Scholarships	Senior Access	70 Skyview Terrace, Bldg. B, San Rafael 94903	Scholarships, elderly day care	\$1,840

TOTAL \$188,909

Total funds Available for Planning Area	\$188,909
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Maximum funds available for Public Services	\$43,702
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RICHARDSON BAY PLANNING AREA

Housing	Galilee Harbor-rehabilitation	Galilee Harbor Community Association	300 Napa Street, Sausalito 94965	Site acquisition and rehabilitation	\$59,880
					\$59,880
Capital	Marin City CDC-office rehabilitation	Marin City Community Development Corp	441 Drake Avenue, Marin City 94965	ADA and safety repairs to building	\$12,438
					\$12,438
Public Service	Marin Learning Center, Therapeutic Services	Community Action Marin Child Development Program	100 Phillips Drive, Marin City 94965	Therapeutic services for children	\$11,067
	Performing Stars	Performing Stars of Marin	271 Drake Avenue, Marin City 94965	Social/self development for low income children	\$10,000
	Senior Access Scholarships	Senior Access	70 Skyview Terrace, Bldg. B, San Rafael 94903	Scholarships, elderly day care	\$1,500
					\$22,567
TOTAL					\$94,885

Total Available for Planning Area (Includes \$19,880 in reprogrammed funds)	\$94,885
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Maximum funds available for Public Services	\$22,567
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Minimum funds required for Housing (County policy requires each planning area to allocate at least 30% of its funds for housing.)	\$22,502
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SAN RAFAEL PLANNING AREA

Housing	Fair Housing Services	Fair Housing of Marin	615 B Street, Suite #1, San Rafael 94901	Fair housing services	\$18,272
	Residential Accessibility Modification Program	Marin Center for Independent Living	Countywide	Housing rehabilitation for handicapped	\$5,440
					\$23,712
Capital	San Rafael ADA Compliance	City of San Rafael	Citywide	Accessibility improvements to meet ADA requirements	\$83,148
					\$83,148
Public Service	Family Law Legal Services	Family & Children's Law Center	30 North San Pedro Road, Suite 245, San Rafael 94903	Legal assistance for low income families	\$6,000
	Marin Brain Injury Network	Brain Injury Network of the Bay Area	1132 Magnolia Avenue, Larkspur 94939	Staff salaries for services for head injury	\$6,000
	Middle School Program	Canal Alliance	86 Larkspur Street, San Rafael 94901	Staff salaries for after school and summer	\$13,500
	Performing Stars	Performing Stars of Marin	271 Drake Avenue, Marin City 94965	Social/self development for low income children	\$2,171
	Pickleweed Children's Center	City of San Rafael	40 Canal Street, San Rafael, CA 94901	Staff salaries for child care	\$13,500
	Senior Access Scholarships	Senior Access	70 Skyview Terrace, Bldg. B, San Rafael 94903	Scholarships, elderly day care	\$6,000
					\$47,171
TOTAL					\$154,031

Total allocated to Planning Area	\$314,476
Transfer to CDBG Countywide Housing in exchange for \$160,697 reprogrammed to San Rafael ADA Compliance on February 26, 2013	(\$160,697)
Re-programming funds available	\$252
Balance available for allocation	\$154,031

Total Available for Planning Area	\$154,031
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Funds available for Public Services based on 15% of Planning Area allocation	\$47,171
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UPPER ROSS VALLEY PLANNING AREA

Housing	Lifehouse: Fairfax House-Rehabilitation	Lifehouse Inc	16 Porteous Ave., Fairfax 94930	Rehabilitate group home for developmentally disabled	\$12,500
	Peace Village	Resources for Community Development	2626 Sir Francis Drake Blvd., Fairfax 94930	Site acquisition for senior housing	\$2,500
					\$15,000

Capital	Fairfax-San Anselmo Children's Center-Rehabilitation	Fairfax-San Anselmo Children's Center	199 Porteous Ave., Fairfax 94930	Child care center-rehabilitation	\$12,207
					\$12,207

Public Service	After School Transportation Program	Fairfax-San Anselmo Children's Center	199 Porteous Avenue, Fairfax 94930	Staff salaries	\$2,000
	Family Law Legal Services	Family & Children's Law Center	30 North San Pedro Road, Suite 245, San Rafael 94903	Legal assistance for low income families	\$2,000
	Marin Brain Injury Network Services	Brain Injury Network of the Bay Area	1132 Magnolia Avenue, Larkspur 94939	Staff salaries for services for head injury survivors	\$2,300
	Senior Access Scholarships	Senior Access	70 Skyview Terrace, Bldg. B, San Rafael 94903	Scholarships, elderly day care	\$4,408
	Transitional Housing Programs-gap funding	Center for Domestic Peace	Confidential	Gap funding for transitional housing programs	\$1,000
					\$11,708

TOTAL \$38,915

Total Available for Planning Area	\$38,915
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Maximum funds available for Public Services	\$11,708
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Minimum funds required for Housing (County policy requires each planning area to allocate at least 30% of its funds for housing.)	\$11,674
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WEST MARIN PLANNING AREA

Housing	Bolinas Garage (Housing)	Bolinas Community Land Trust	6 Wharf Road, Bolinas 94924	Rehabilitation of affordable rental housing	\$11,738
	Stockstill House	West Marin Senior Services	12051 State Route #1, Point Reyes Station, 94956	Rehabilitation of senior assisted living home	\$6,800
					\$18,538

Capital	No capital projects were funded this year.				\$0
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Public Service	Home Care Assistance for the Elderly	West Marin Senior Services	11435 State Route 1, Creamery Annex, Point Reyes Station 94956	Home care referrals and assistance for the elderly and disabled	\$3,479
	Human Services Program	San Geronimo Valley Community Center	6350 Sir Francis Drake Blvd., San Geronimo 94963	Staff salaries for food and social services	\$4,500
					\$7,979

TOTAL \$26,517

(Amounts are subject to approval at the March 20, 2013 West Marin Local Area Committee hearing.)

Total funds Available for Planning Area	\$26,517
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Maximum funds available for Public Services	\$7,979
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Minimum funds required for Housing (County policy requires each planning area to allocate at least 30% of its funds for housing.)	\$7,955
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REPROGRAMMED FUNDS
(ALSO INCLUDES ALLOCATIONS OF
PROGRAM INCOME, WHICH ARE SO NOTED)

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS

REPROGRAMMED FROM	REPROGRAMMED TO	AMOUNT
Novato Planning Area		
Henry Ohlhoff House North (Henry Ohlhoff House) 5394 Nave Drive, Novato Rehabilitation, group home for drug and alcohol addicted men	To be determined by Novato City Council (Newly available funds)	104,152.82
PROGRAM INCOME from sale of property HUD-04113-01-12		
Richardson Bay Planning Area		
Old Mill Commons (Shelter Hill Apartments and Interfaith Housing Foundation) Repayment for proposed housing development which was never built	Galilee Harbor-Rehabilitation (Galilee Harbor Community Association) 300 Napa Street, Sausalito Public improvements for liveaboard community	19,880.48
REPAYMENT OF FUNDS HUD-04113-01-12	HUD-04441-01-12	
San Rafael Planning Area		
Buckelew-Mariposa Apartments (Buckelew Community Housing Development Organization) 7 Mariposa Road, San Rafael Rehabilitation of apartment building for people with persistent mental illness HUD-04240-01-08	San Rafael ADA Compliance (City of San Rafael) Citywide Accessibility improvements to meet ADA requirements HUD-04536-01-08	251.79
Countywide Housing		
Gates Cooperative (Gates Cooperative) Rehabilitation of liveaboard houseboats Waldo Point Harbor, Sausalito Area HUD-04326-01-10	San Rafael ADA Compliance (City of San Rafael) Citywide Accessibility improvements to meet ADA requirements HUD-04536-01-10 (Approved by Priority Setting Committee on February 19, 2013 and by the Board of Supervisors on February 26, 2013.)	100,000.00

REPROGRAMMED FUNDS
(ALSO INCLUDES ALLOCATIONS OF
PROGRAM INCOME, WHICH ARE SO NOTED)

REPROGRAMMED FROM:	REPROGRAMMED TO:	AMOUNT
Countywide Housing (continued)		
Henry Ohlhoff House North (Henry Ohlhoff House)	Marinwood Plaza Housing (BRIDGE Housing Corp.)	36,590.52
5394 Nave Drive, Novato	121, 155, 175, 197 Marinwood Avenue,	
Rehabilitation, group home for drug and alcohol addicted men	San Rafael 94903 Site acquisition	
PROGRAM INCOME from sale of property	HUD-04796-01-12	
HUD-04113-01-12		
Unprogrammed CDBG funds HUD-04631-01-04	Rehabilitation Loan Program (Marin Housing Authority)	14,595.66
(Reserve for relocation benefits)	4020 Civic Center Drive, San Rafael	
	Staff salaries to provide residential rehabilitation loans	
	HUD-04409-01-04	
Unprogrammed CDBG funds HUD-04631-01-05	Rehabilitation Loan Program (Marin Housing Authority)	85,717.98
(Reserve for relocation benefits)	4020 Civic Center Drive, San Rafael	
	Staff salaries to provide residential rehabilitation loans	
	HUD-04409-01-05	
Inverness Valley Inn Housing (Community Land Trust Association of West Marin)	San Rafael ADA Compliance (City of San Rafael)	12,993.00
13275 Sir Francis Drake Blvd, Inverness 94937	Citywide	
Acquisition of Inn and rehabilitation for affordable housing	Accessibility improvements to meet ADA requirements	
HUD-04798-01-03	HUD-04536-01-03 (Approved by Priority Setting Committee on February 19, 2013 and by the Board of Supervisors on February 26, 2013.)	
Inverness Valley Inn Housing (Community Land Trust Association of West Marin)	San Rafael ADA Compliance (City of San Rafael)	47,704.00
13275 Sir Francis Drake Blvd, Inverness 94937	Citywide	
Acquisition of Inn and rehabilitation for affordable housing	Accessibility improvements to meet ADA requirements	
HUD-04798-01-04	HUD-04536-01-04 (Approved by Priority Setting Committee on February 19, 2013 and by the Board of Supervisors on February 26, 2013.)	
Rehabilitation Loan Program Revolving Loan Fund (Marin Housing Authority)	Rehabilitation Loan Program Operating Expenses (Marin Housing Authority)	111,686.36

REPROGRAMMED FUNDS
 (ALSO INCLUDES ALLOCATIONS OF
 PROGRAM INCOME, WHICH ARE SO NOTED)

HOME PROGRAM

REPROGRAMMED FROM:	REPROGRAMMED TO:	AMOUNT
American Dream Downpayment Initiative (Marin Housing Authority)	San Anselmo Seminary Housing (EAH, Inc.)	11,350.14
PROGRAM INCOME from loan repayment	19 & 21 Belle Ave, 100 Mariposa Ave, 108 & 111 Ross Ave, San Anselmo	
HUD-04113-02-12	94960	
	Site acquisition	
	HUD-04799-02-12	
Inverness Valley Inn Housing (Community Land Trust Association of West Marin)	Whistlestop Renaissance Housing (Eden Development, Inc)	89,303.00
13275 Sir Francis Drake Blvd, Inverness 94937	930 Tamalpais Ave, San Rafael 94901	
Acquisition of Inn and rehabilitation for affordable housing	Construction of affordable housing for seniors and disabled	
HUD-04798-02-12	HUD-04801-02-12	